



**Urban Land
Institute**

Minnesota



Navigating the New Normal

Navigating the New Normal

A ULI Minnesota public official education workshop

What

A two-hour interactive workshop for city officials that provides a practical approach to the new challenges of (re)development.

Three-part format

1. Overview of the New Normal.
2. Profile of community change information.
3. Discussion and dialogue among real estate industry leaders and city policy makers.

Audience

City councils, planning commissions, economic development and housing committees, and staff.

Outcome

Develop a better understanding of:

- The impact of the New Normal on your city, demographic trends, and market preferences.
- The connection between your city's demographics, new market preferences, and future growth patterns.
- The importance of partnerships between cities and developers.
- Strategies to position your community to be competitive and sustainable, and to attract the best quality development.

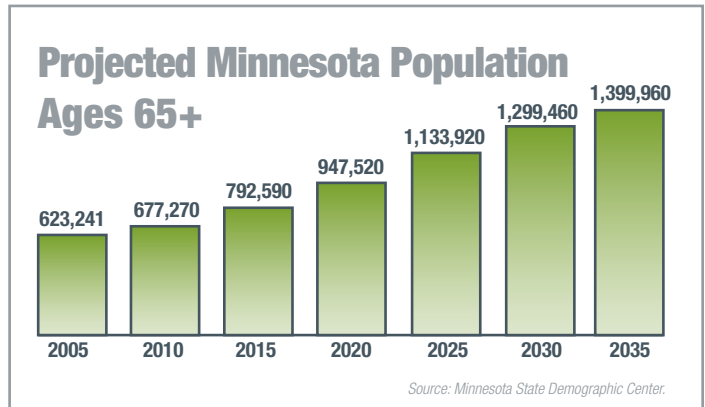
“The data, but especially the perspectives of the panel, were very helpful and stimulated a great deal of discussion. Please let them know how worthwhile this was for us as a city. We would be more than happy to recommend this program to other mayors/managers.”

– Nancy Tyra-Lukens
Mayor, City of Eden Prairie
#1 Best Place to Live in America,
Money Magazine

New Neighbors, New Preferences, New Responses

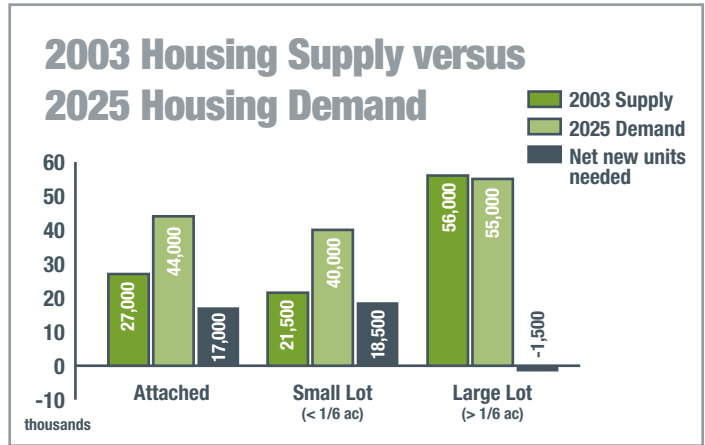
Changing demographics and new market preferences are creating demand for different housing choices.

Our region is rapidly getting older. The number of Minnesotans 65 or older will nearly double in the next 20 years. At the same time, generation Y, with 80 million Americans, accounts for a greater percentage of the population than the generation that preceded it (generation X, born between 1965 and 1979, with 46 million Americans). Three-quarters of Minneapolis/St. Paul households are projected to be without children by 2035, and the number of new immigrants has grown an average of 12% since 2000 in Minnesota. These changing demographics bring new market preferences – amenity-rich walkable neighborhoods, rental housing, multi-generational homes, work/live spaces – creating a mismatch between housing inventory and market demand, and a need for different services and amenities. To be competitive, we must offer choices that reflect these shifts in a time of increasing financial constraints. It's about priorities. **It's all part of the New Normal.**



“These things usually creep along at the speed of a glacier. Not so with aging. In demographic terms, this is a tsunami. It doesn’t get much bigger than this ... ”

— Thomas Gillaspy, Minnesota State Demographer.



Gen Y Born between 1980 and 1996
 Make up 30% of our population
 80 million Americans
 Influence as much as half of all spending in the U.S. economy

2/3 say that living in a walkable community is important

1/3 will pay more to walk to shops, work, and entertainment



“As a developer, it is great to have an opportunity to interact with city officials in such an open way. The reality is that we are more often negotiating from opposite sides of the table. In this environment, we are getting to know each other and developing a deeper sense of what is possible. I believe that this is an important investment on both sides.”

— John Breiting, Vice President — Retail Advisory Services, Cushman & Wakefield-Northmarq

New responses are needed.

The way development is financed has changed, making it harder to complete quality projects. An increase in equity requirements has resulted in fewer developers who have the financial ability and risk appetite to deliver quality development. Local governments that embrace a collaborative approach to problem solving with developers will be more competitive and successful in implementing their vision for a prosperous community.

What are the **key policies and practices** that cities can embrace in times of scarce public resources to attract private investment, create jobs, and build the tax base? An approach that provides clarity, transparency, and efficiency in the development process helps attract investments that create thriving, sustainable communities. Working together to solve problems, identify and pursue new partnerships, and manage development risks will improve key decision-making skills, with the reward of being a competitive community. **Navigating the New Normal** provides a forum to foster meaningful dialogue between public and private sector leaders and builds trust and collaboration for common goals.

What Is the New Normal?

The term **New Normal** has been used to describe major changes to our economy. It has been shaped by a confluence of powerful forces – some arising directly from the financial crisis and some that were at work long before it began.

The **New Normal** has been characterized as a time of slower economic growth, higher energy costs, a slumping housing market, an aging and more diverse population, and changing market preferences. **New Normals** are not a new phenomenon. This confluence of forces has a strong impact on the development and redevelopment of our communities and perhaps the American dream.



Want higher connectivity & more walkable areas

Seek active lifestyles, more interaction



Baby Boomers

Born between 1946 and 1964

75 million Americans

(Re)Development-Ready Guide

Local Government Policies and Practices

Strategy:

- **Cities can implement (re)development policies and practices that support quality, competitive, and sustainable communities.**
- **ULI MN provides technical assistance to local government through the Opportunity City and Navigating the New Normal programs.**

- Establish** a vision and clearly articulate development expectations creating (re)development-ready sites.
- Foster** collaborative and integrated strategies.
- Provide** transparency that clearly defines the development process.
- Work as a team** to coordinate the approval process across all agencies, departments, elected offices, and investment partners, e.g., planning, engineering, parks, metropolitan council, county, state, watershed districts, schools, and private sector.
- Provide** existing due diligence information to developers up-front to increase efficiency and reduce development time and cost.
- Shift** project review and approvals from reactive to proactive; fast track approvals when the project meets certain requirements; be flexible to achieve project goals.
- Analyze and modify** land use regulations to allow for a compact mix of uses with increased flexibility that reflects changing market demands.



Discoveries

Cities will be more competitive when:

Land uses are integrated.

Walkability and accessibility to community assets are enhanced.

(Re)development tools are refocused to support future growth.

Diverse housing choices are offered to accommodate changing demographics.

Public engagement is an effective component of the (re)development process.

Trust and partnerships between the public and private sectors are strengthened.

About the Urban Land Institute

ULI Minnesota actively engages public and private sector leaders to foster collaboration, share knowledge, and join in meaningful, strategic action to **create thriving, sustainable communities.**

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ULI Priorities

The mission of ULI is to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

Creating Resilient Communities

- What are the best new business models in the real estate and land use industry, and how can we support their development?
- How can we best adapt and reuse existing real estate while eliminating obsolete space to create thriving communities?
- How can we influence land use leaders locally and around the world as they reshape the process of community building and developing both social and physical infrastructure?

Understanding Demand and Market Forces

- How can we best understand the demand (quantity, type, price, and location of the need) for real estate and discover what the market wants short-term versus what it needs long-term?
- How can we help balance local, regional, national, and global interests, as well as public and private interests, in terms of how they affect land use decisions and development?
- How will changing technology influence building and buildings, and how will people's use of technology influence how they interact with the physical environment?

Connecting Capital and the Built Environment through Value

- How can we best generate value in the built environment that is greater than its cost?
- What are the best ways to ensure the attractiveness of real estate as an investment as institutional capital allocators continue to change and become more global?
- What is the most effective way to demonstrate and explain the relationship between investment in both public projects (including infrastructure) and amenities and the impact on real estate value?

Promoting Intelligent Densification and Urbanization

- What are the most responsible ways to provide cost-effective housing for a rapidly increasing global population that is becoming increasingly urbanized?
- How can we advance the understanding of the relationship between a high quality of life and the built environment in order to promote creation of high-quality, appropriately priced density that is attractive to users?
- What is the relationship between a thriving economy and a thriving city – between a dynamic society and the built environment?

Integrating Energy, Resources, and Uses Sustainably

- How can we best reduce the negative impact of the built environment on our natural resources and climate?
- What are the best ways to use the world's energy resources and protect the built environment from volatile and unpredictable conditions?
- How will trends in energy and resources affect the future best use of land?